

## Message Text

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PAGE 01 STATE 180213

ORIGIN COME-00

INFO OCT-01 ARA-10 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/098 R

DRAFTED BY COM:TNAD/OTP/BIEPR: DGARDNER

APPROVED BY EB/OT/TA:DJDUNFORD

COM:TNAD/OTP/BIEPR: WKRIST

STR: HLAWARENCE

COM:TNAD/OTP/BIEPR: SCRAVEN

TREASURY: EBARBER

COM:OIFI/BIEPR: VTRAVAGLINI

AGRICULTURE: JHUDSON

COM:OER/BIEPR: JMENES

STATE: RMEYER

LABOR:FLAVALLEE

ARA:ECG:WDBURSON

-----039350 020631Z /13

R 012347Z AUG 77

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

INFO USMISSION GENEVA

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USMTN FOR MTN GENEVA

E.O. 11652: N/A

TAGS: ETRD, CS, GATT

SUBJECT:NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN

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PAGE 02 STATE 180213

1. THE TRADE ACT OF 1974 URGES THE PRESIDENT TO TAKE ALL FEASIBLE STEPS TO ELIMINATE BARRIERS TO INTERNATIONAL TRADE IN BOTH GOODS AND SERVICES AND INCLUDES SERVICES WITHIN THE PRESIDENT'S NEGOTIATING AUTHORITY FOR THE FIRST TIME. TO CARRY OUT THE TRADE ACT'S MANDATE ON SERVICES, STUDIES HAVE BEEN UNDERTAKEN BY THE COMMERCE DEPARTMENT AND BY THE ACCOUNTING FIRM OF WOLF AND COMPANY UNDER CONTRACT. THESE

TWO STUDIES INDICATE A WIDE VARIETY OF RESTRAINTS AFFECTING THE INTERNATIONAL DISSEMINATION OF SERVICES SUCH AS INSURANCE, BANKING, TRANSPORTATION, CONSULTING ENGINEERING, FRANCHISING AND OTHERS. BOTH STUDIES, HOWEVER, CONCLUDE THAT THE GREAT MAJORITY OF RESTRAINTS ARE ASSOCIATED WITH INTERNATIONAL INVESTMENT, WITH A RELATIVELY SMALL PORTION BEING ASSOCIATED WITH INTERNATIONAL TRADE IN SERVICES. SINCE THE MTN IS CONCERNED WITH BARRIERS TO TRADE, INVESTMENT-ORIENTED SERVICES PROBLEMS ARE NOT APPROPRIATE FOR NEGOTIATION THERE. IN FACT, SOME OTHER COUNTRIES MAY EVEN RESIST THE INTRODUCTION OF TRADE-RELATED SERVICE PROBLEMS IN THE MTN SINCE THERE IS LITTLE PRECEDENT FOR DOING SO IN PREVIOUS TRADE NEGOTIATIONS. ACCORDINGLY, U.S. SERVICE RESTRAINT NOTIFICATIONS IN THE MTN WILL INCLUDE ONLY

SIGNIFICANT RESTRICTIONS WHICH ARE ANALOGOUS TO NONTARIFF MEASURES AFFECTING TRADE IN GOODS.

2. BASED ON THE STUDIES MENTIONED ABOVE, WE HAVE SELECTED CANDIDATES FOR NOTIFICATION IN THE MTN. THE EMBASSY IS REQUESTED TO VERIFY THE EXISTENCE OF THE RESTRICTIONS LISTED IN PARA 4 BELOW. ALSO, THE EMBASSY IS REQUESTED TO (A) SUPPLY ANY ADDITIONAL INFORMATION AVAILABLE, PARTICULARLY WITH REGARD TO THE INTENT OF THE RESTRAINT AND ANY DISCRIMINATORY ASPECTS THEREOF, (B) ASSESS THE IMPORTANCE OF EACH OF THE RESTRAINTS LISTED IN TERMS OF ITS EFFECT LIMITED OFFICIAL USE

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PAGE 03 STATE 180213

ON ACTUAL OR POTENTIAL U.S. TRADE IN GOODS OR SERVICES, (C) ADVISE WHETHER OTHER SIGNIFICANT RESTRAINTS ON SERVICES HAVE BEEN OVERLOOKED, AND (D) ADVISE ON THE UTILITY OF ATTEMPTING TO REDUCE OR ELIMINATE THESE SERVICE RESTRAINTS IN THE MTN.

3. AS EMBASSY MAY BE AWARE, THE SPECIAL TRADE REPRESENTATIVE HAS RECENTLY AGREED WITH THE EUROPEAN COMMUNITY ON A TIMETABLE DESIGNED TO BRING THE MTN TO AN EARLY CONCLUSION. THIS HAS AN IMMEDIATE IMPACT ON THE TIMETABLE FOR OBTAINING INFORMATION ON RESTRICTIONS THE U.S. IS INTERESTED IN RAISING IN THE MTN. PRESENT PLANS REQUIRE THAT INTERAGENCY CONSIDERATION OF NOTIFICATION TEXTS BEGIN BY AUGUST 19 SO THAT NOTIFICATIONS CAN BE TABLED IN GENEVA AS SOON AS POSSIBLE THEREAFTER. ACCORDINGLY, THE EMBASSY IS REQUESTED TO REPLY BY AUGUST 8 TO ALLOW TIME FOR COMPILING RESPONSES INTO APPROPRIATE NOTIFICATIONS.

4. TV AND RADIO COMMERCIALS PRODUCED OUTSIDE THE CENTRAL AMERICAN AREA MUST PAY A MINIMUM TAX AS A PROTECTION TO NATIONAL PRODUCERS. CHRISTOPHER

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NNN

## Message Attributes

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**Subject:** NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN LIMITED OFFICIAL USE LIMITED OFFICIAL USE  
**TAGS:** ETRD, CS, GATT, MTN  
**To:** SAN JOSE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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